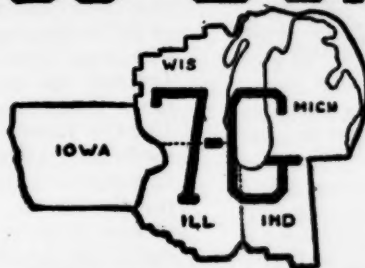


# BUSINESS CONDITIONS

SEVENTH  
FEDERAL



RESERVE  
DISTRICT

Volume 14, No. 8

MONTHLY REVIEW PUBLISHED BY THE  
FEDERAL RESERVE BANK OF CHICAGO

July 31, 1931

## General Summary

**S**EASONAL slowing-down caused further recessions during June in manufacturing and merchandising activity of the Seventh Federal Reserve district, while data for the half-year show both production and sales of commodities to have been decidedly smaller than for the same period of 1930.

The declines from the preceding month in automobile, iron and steel, and casting foundry operations were largely seasonal in nature. Furniture shipments decreased, following a low volume of orders in May, but June orders booked totaled heavier than either a month or a year previous, owing to the semi-annual showing which was held in June this year rather than July. Building construction fell off for the third consecutive month. Employment data reflect the reduced activity in the various lines.

The wholesale grocery, drug, and hardware trades gained in June over May, and declines in other groups were smaller than a year ago for the same month. The recession in department store trade was less than average for the month, and that in the retail furniture trade was seasonal, while retail shoe sales showed a gain and chain store trade decreased only slightly; because of heavier drug and five-and-ten-cent store sales than a year ago, sales of reporting chains exceeded the volume of last June. Automobile distribution, at wholesale and retail, was smaller in June than a month previous, although sales at wholesale increased slightly in the aggregate over last June.

Weather conditions in June were favorable for the growing of corn, but some damage was experienced by other crops from the hot weather and lack of moisture. The

movement of wheat was active during the month, with that of corn and oats slow. Meat production and sales fell below the May level and likewise totaled under last June, but output of butter was exceptionally large; cheese production and distribution increased over the preceding month, though declining from a year ago.

Loans and investments of reporting member banks on July 15 totaled less than on the corresponding date a month or a year previous, although investments alone continued to be considerably above the 1930 level. Borrowing from the Reserve bank declined during the period June 10 to July 15, despite the heavy demand for currency during those weeks. Money rate changes have been negligible.

## Credit Conditions and Money Rates

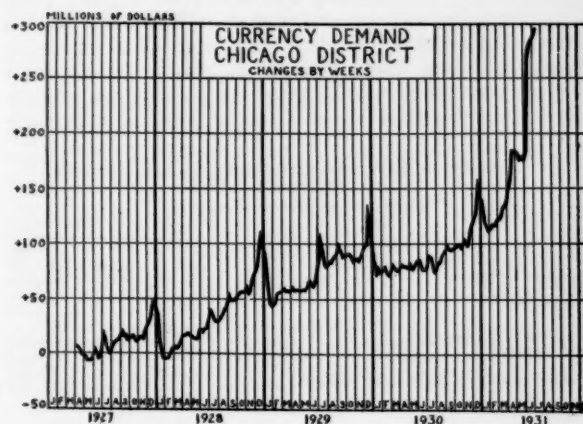
Among the changes in factors making for increased borrowing by member banks at the Reserve bank, the continued increase in the demand for currency was alone outstanding during the period from June 10 to July 15. Holiday requirements of the public for currency over the double holiday of July 4-5 were in about seasonal proportions, which in part accounts for the sustained demand, though banking disturbances during the period continued to influence the outflow of currency from the Reserve bank. A gain to the district of about  $3\frac{1}{2}$  millions of funds through inter-district settlements for commercial and financial transactions, and a drop of about 24 mil-

### FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions of dollars)

	JULY 15 1931	CHANGE FROM JUNE 10 1931	JULY 16 1930
Total Bills and Securities.....	\$115.6	\$-0.4	\$-4.0
Bills Discounted.....	11.7	-5.2	-6.8
Bills Bought.....	8.3	-8.9	-15.0
U. S. Government Securities.....	95.0	+13.1	+17.2
Total Reserves.....	629.8	+33.2	+161.6
Total Deposits.....	333.5	-16.6	-24.9
Federal Reserve Notes in Circulation.....	373.8	+51.3	+181.9
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined.....	89.0	+0.3*	+4.0*

\*Number of points.



lions in member bank reserve balances, combined with other and minor changes in factors tending to reduce member bank borrowing, including an excess of slightly more than 3 millions in local Treasury expenditures over receipts, more than offset the aggregate of those changes which increase it, with the result that loans to member banks on July 15 were less than on June 10 by about 5 million dollars. Tabulated below is a summary of the factors underlying the volume of member bank recourse to the Reserve bank:

#### FACTORS IN MEMBER BANK BORROWING AT THE FEDERAL RESERVE BANK OF CHICAGO

Changes between June 10 and July 15, 1931 (In millions of dollars)	
Changes making for decrease in member bank borrowing:	
1. Decrease in member bank reserve balances.....	23.40
2. Funds gained through inter-district settlements for commercial and financial transactions.....	3.59
3. Excess of local Treasury expenditures over receipts.....	3.13
4. Decrease in unexpended capital funds.....	1.56
5. Increase in holdings of U. S. securities (local transactions).....	0.90
6. Increase in holdings of other securities.....	0.67
Total.....	33.25
Changes making for increase in member bank borrowing:	
1. Increase in demand for currency.....	24.28
2. Decrease in holdings of acceptances (local transactions).....	2.82
3. Decrease in reserve bank float.....	0.73
4. Increase in non-member clearing balances.....	0.16
5. Sales of gold to industry.....	0.08
Total.....	28.07
Excess of changes making for decrease in member bank borrowing:	5.18
Absorption of this excess: Decrease in member bank borrowings (discounts for member banks).....	5.18

#### MEMBER BANK CREDIT

As compared with July 15, 1930, total loans and investments of reporting member banks on July 15 this year declined about 240 million dollars, the greater part of the decrease resulting from the lower volume of loans on securities and to a lesser degree, from "all other" loans; investments, alone, recorded a gain of nearly 200 millions over a year ago. During the five-week period—June 10 to July 15, total loans and investments moved downward nearly 70 million dollars, both classes of loans, as well as investments, sharing in the decline. With the exception of a small rise in net demand deposits on July 15 as against June 10, deposit volumes on that date were below the preceding month and July 16 last year, the decrease in net demand deposits in the year amounting to 160 millions and in time deposits to 146 millions. Time deposits of reporting member banks on July 15 were about 120 millions less than on June 10.

The average rate earned on loans and discounts by five Chicago banks located in the down-town section was 4.48 per cent during the calendar month of June, as compared with 4.36 per cent in May and with 4.83 in June 1930. The prevailing rate on customers' commercial loans, as reported by eight down-town banks, was  $2\frac{3}{4}$  to 5 per cent during the week ended July 15, as against a range of 3 to 5 per cent the middle of June. In Detroit, the prevailing rate on this class of loans was reported as 4 to 5 per

cent for the week ended July 15, and the average rate earned during the month of June was 5.41 per cent, as compared with 5.22 in May and with 5.63 in June of last year.

Commercial paper sales of reporting dealers in the Middle West again decreased in June, following expansion in May, and reached a lower level than for any other month of 1931; they aggregated 44 per cent less than a year ago and 54 per cent below the 1923-30 average for the period. Demand was confined almost entirely to banks outside Cook County—a reflection of banking disturbances in Chicago during the month. Supplies remained light to moderate. Selling rates eased; most firms quoted June figures as  $2\frac{1}{4}$  and  $2\frac{3}{4}$  per cent for high to  $1\frac{3}{4}$  and  $2\frac{1}{4}$  per cent for low, with the majority of the business transacted at 2 to  $2\frac{1}{4}$  per cent. Commercial paper outstanding in the Middle West declined on June 30 to the lowest point on record (January 1923). During the first half of July, dealers' sales aggregated one-third less than in the corresponding weeks of June. Purchases by Chicago banks remained in meagre proportions and were limited to very high class paper; demand from banks in other cities and from the country was fair to good. A reduction in the supply also took place. Quotations on July 15 ranged from  $1\frac{3}{4}$  and 2 per cent for low to  $2\frac{1}{2}$  and  $2\frac{3}{4}$  per cent for high, a preponderance of the names moving at  $1\frac{3}{4}$  and  $2\frac{1}{4}$  per cent.

Dealer purchases of acceptances in the Chicago bill market were heavier from June 11 to July 15 than for any corresponding period in eleven months; the supply of bills, therefore, aggregated 40 per cent greater than in the preceding period, despite a marked reduction in receipts from Eastern markets. A poor demand was experienced from Chicago banks and only a moderate volume of business transacted with out-of-town banks, so that total sales were less than for any corresponding period since September 11 to October 15, 1930. Shipments to Eastern offices, on the other hand, attained an exceedingly high level. Rates tended to ease.

#### AVERAGE WEEKLY TRANSACTIONS OF REPORTING DEALERS IN THE CHICAGO BILL MARKET

	June 11 to July 15, 1931		PER CENT CHANGE IN COMPARISON WITH PERIOD FROM	
	MAY 14 TO JUNE 10		JUNE 12 TO JULY 9	
	1931	1930	1930	1930
Bills purchased.....	+105.8	-7.5		
Bills sold.....	-41.4	-61.9		
Holdings*.....	-72.5	-78.3		

\*At end of period.

Acceptance credits in the Seventh Federal Reserve district were utilized to a lesser extent during June than in May or the same month of 1930, but as in past months, to a much greater degree than in previous years. The discounting of these bills by accepting banks showed a further expansion during the period; purchases of other banks' acceptances, on the other hand, were less than for any month since May 1930, although they totaled considerably above the 1923-30 June average. Sales exceeded the aggregate volume of purchases and discounts

#### CONDITION OF REPORTING MEMBER BANKS, SEVENTH DISTRICT

(Amounts in millions of dollars)		CHANGE FROM	
	JULY 15 1931	JUNE 10 1931	JULY 16 1930
Total Loans and Investments.....	\$3,161	\$-66	\$-239
Loans on Securities.....	1,062	-12	-254
All Other Loans.....	1,161	-17	-178
Investments.....	938	-37	+193
Net Demand Deposits.....	1,782	+20	-160
Time Deposits.....	1,227	-121	-146
Borrowings from Federal Reserve Bank.....	2	-4	-2

#### VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT

(Amounts in millions of dollars)		PER CENT OF INCREASE OR DECREASE FROM	
	JUNE 1931	MAY 1931	JUNE 1930
Chicago.....	\$3,240	+0.5	-26.8
Detroit, Milwaukee, and Indianapolis.....	1,332	+8.6	-16.6
Total four larger cities.....	\$4,572	+2.7	-24.1
34 smaller centers.....	776	-2.8	-21.0
Total 38 centers.....	\$5,348	+1.9	-23.6

by more than \$16,000,000; this was largely a reflection of the heavy liquidation which took place after mid-month when the banks wished to accumulate heavy cash reserves to meet possible contingencies. Acceptance holdings of these institutions, because of this policy, were lower on June 30 than at any time in the past year, while the liability for outstanding bills remained practically unchanged from May 29. The total value of bills accepted during the first half of July aggregated 30 per cent less than for the corresponding weeks of June.

#### TRANSACTIONS IN BANKERS' ACCEPTANCES AS REPORTED BY A SELECTED LIST OF ACCEPTING BANKS IN THE SEVENTH DISTRICT

	PER CENT CHANGE IN JUNE 1931 FROM MAY 1931	JUNE 1930
Total value of bills accepted.....	-9.8	-12.4
Purchases.....	-25.3	-13.6
Sales.....	+116.4	+52.4
Holdings*.....	-67.6	+81.4
Liability for outstandings*.....	+0.0	-2.7

\*At end of month.

#### BANK SUSPENSIONS AND CONSOLIDATIONS

A considerable number of Seventh district banks were eliminated during the first six months of the current year through both suspension and consolidation. Banks closed during the period numbered 223 capitalized at 31 million dollars and involving deposits of 209 millions, exceeding in both number and total liabilities the aggregates for the whole of any year on our records (since 1921), with the exception of 1930 during which 266 banks with capital of 15 millions and deposits totaling 111 millions were suspended. More than one-third of this year's failures occurred in June when 80 banks closed their doors, with 136 millions of deposits of which about one-half were in Chicago banks. Of the 223 banks closed in the district during the half year, 26 were national, 181 state, and 16 private banks; 37 of these—26 national and 11 state—were members of the Reserve System. In addition, 106 banks in the district were eliminated through consolidation with other banks. Continuing the trend noted during the year 1930, a large proportion of these mergers involved the absorption and often the liquidation of one or more banks; in consequence, the aggregate capitalization of the consolidated institutions—110 millions—was about 20 per cent less than that of the banks entering into the mergers.

In the United States as a whole, 684 banks suspended operations during the first six months of 1931, of which 121 were national, 27 state member, and 536 non-member banks. Total deposits involved aggregated 459 million dollars. This compares with a total of 1,345 banks closed during the entire year of 1930, involving deposits of 865 millions.

#### SECURITY MARKETS

An improved demand accompanied by an upward trend in prices featured the Chicago bond market during June. High grade bonds which included the public utility, railroad, and municipal issues, continued to receive the investment preference, although some second grade issues showed considerable gains in the rather widespread movement. The volume of new offerings during the month was slightly less than in May, with the exception of foreign bond offerings which were substantially in excess of that in recent months. The total volume was considerably below that of the corresponding month last year. Prices on the Chicago Stock Exchange moved upward rapidly during the latter part of June. The average price of twenty leading stocks\* reached a high point for the month at

\*Chicago Journal of Commerce.

\$79.46 on June 27; this was a gain of more than ten dollars over the low average earlier in the month. During the first two weeks in July, prices moved irregularly, with the average on July 16 at \$72.11.

#### Agricultural Products

Weather conditions during the latter part of June and early July were exceptionally favorable to the growth of corn in the Seventh Federal Reserve district, so that mid-month found most of the crop in the tasseling stage; additional moisture, however, was needed in many areas to prevent subsequent deterioration of the crop. Threshing of small grains was well under way. Good to excellent yields were reported for winter wheat; other grains had suffered more or less deterioration during the last half of June, despite earlier rains, and threshing returns for these grains showed a marked variation in yields as between localities. Potatoes and garden truck also suffered more or less damage from the hot weather. Pastures were rather poor. Some parts of the district were in need of further rainfall, and in a few areas the lack of adequate moisture was becoming rather serious by the third week of July.

#### GRAIN MARKETING

Excessive supplies of wheat—carry-over and new crop—depressed both domestic and foreign markets during June and early July. Marketing of new crop wheat sustained the recent high level of receipts at primary markets, and although reshipments almost equaled receipts, visible supplies continued during the month to be about 80 million bushels in excess of 1930. Exports in June aggregated much larger than in May and exceeded the June volume for each of the previous eight years; nevertheless, the total for the 1930-31 season was about 12 million bushels under exports in the preceding 12-month period. Future prices were irregular in June and broke sharply in July, the July option reaching on the fifteenth the lowest point on record. Cash wheat declined to approximately the level of September futures within a month after the withdrawal of Government support.

The movement of corn and oats during the month was below average. Supplies of these grains are not large, but slow demand and favorable prospects for the new crops exerted a downward influence on prices. Cash corn, how-

#### CROP PRODUCTION

Estimated by the United States Bureau of Agricultural Economics on the basis of July 1 condition

	SEVENTH DISTRICT		UNITED STATES	
	FORECAST 1931	FINAL 1930	FORECAST 1931	FINAL 1930
Corn.....	1,005,782	731,749	2,967,953	2,093,552
Oats.....	527,071	565,861	1,306,267	1,358,052
Winter Wheat...	65,592	59,447	712,611	612,268
Spring Wheat...	3,361	4,290	156,402	251,162
Barley.....	53,907(a)	56,799(a)	266,618	334,971
Rye.....	8,639(a)	8,248(a)	38,325	48,149
Flaxseed.....	226(b)	348(b)	17,947	21,369
Potatoes (white)	58,079	37,118	396,451	343,236
Potatoes (sweet)	1,310(c)	1,050(c)	74,067	62,230
Sugar Beets...	412(d)	513(d)	7,566	9,201
Apples				
(total crop)...	28,226(a)	13,595(a)	211,076	163,543
Peaches.....	7,244(e)	648(e)	77,963	53,617
Pears.....	1,860(e)	1,289(e)	24,406	27,577
Cherries*	32(f)	30(f)	94	107
Grapes*	74(a)	91(a)	2,027	2,460
Dry Beans.....	8,505(f)	4,662(f)	22,695	21,907
Tobacco**	46,285	47,564	1,524,739	1,504,931
All Tame Hay*	14,974	15,881	79,107	77,850
Canning Crops				
Green Peas**	221,782(g)	293,616(g)	378,129	484,558
Snap Beans*	21(h)	15(h)	80	85

\*In thousands of tons. \*\*In thousands of pounds. (a) Five states including the Seventh Federal Reserve district. (b) Iowa and Wisconsin. (c) Illinois, Indiana, and Iowa. (d) Michigan. (e) Illinois, Michigan, Indiana, and Iowa. (f) Michigan and Wisconsin. (g) Wisconsin, Illinois, Michigan, and Indiana. (h) Wisconsin, Michigan, and Indiana.



ever, was above the price of wheat after the beginning of July.

#### MOVEMENT OF LIVE STOCK

Receipts of cattle at public stock yards in the United States decreased somewhat less than is customary in June from a month earlier, the recession from the five-year average being smaller than in May; the volume totaled 2 per cent in excess of June a year ago. Hog marketings also declined from the preceding month, and a larger recession was recorded from last year and the 1926-30 average than for any month so far in 1931. Lamb receipts fell off more than is ordinarily the case in June, but continued to total considerably in excess of 1930 and the average for the month. Calves were marketed in large numbers for the season. Reshipments of feeder cattle to the corn belt decreased further to a low level during June, while those of lambs attained the highest point since last November.

#### MEAT PACKING

Production at slaughtering establishments in the United States showed a recession in June of 3 per cent from the preceding month and totaled 4 per cent under a year ago. Employment and wage payments at the end of the period remained at the May level, although an increase of 1½ per cent was recorded in hours worked. The total value of sales billed to domestic and foreign customers aggregated 2½ per cent less than in May and 27½ per cent below last June. The recession from a month earlier was largely due to a smaller volume of commodities sold, while the lower level of prices in 1931 continued to account for the decline in sales from the corresponding period of 1930. Prices of most pork products advanced in June over May; quotations of lamb and veal, however, held barely steady, and those of beef, mutton, barreled pork, heavy dry salt fat backs, and of light weight hams and bellies declined. Inventories of packing-house commodities in the United States were reduced by approximately 47 million pounds between June 1 and the beginning of July, which contrasts with an average expansion for the month of 28 million. Most of this decline took place in the stocks of pickled and of frozen pork. Aggregate holdings fell below the 1925-29 average for the first time since April 1, and the excess over last year was less marked than in the preceding month. Domestic demand averaged fair at the beginning of July.

June shipments for export showed a slight decline in volume from May. British demand for American lard fell off to some extent, and no improvement was shown in the meat trade with that country. Continental demand for packing-house commodities from the United States remained on a limited basis. European prices for these

commodities averaged slightly under the Chicago parity. July 1 inventories of United States products in foreign countries (inclusive of stocks in transit) were reported to be about the same as on June 1.

#### DAIRY PRODUCTS

Creamery butter production in the Seventh Federal Reserve district was exceptionally heavy during June, being 6 per cent greater than in May and 17½ per cent larger than last year. The sales tonnage attained the highest point on record (January 1923), exceeding that of June 1930 by 21 per cent. Butter manufacturing in the United States also gained over a month earlier, but appears to have been somewhat under a year ago. Consumption remained at a high level because of low prices. Inventories of the commodity in the United States expanded somewhat less than the usual amount on July 1 and were in average volume for this season of the year, though totaling 17 million pounds lighter than for the corresponding date of 1930. Prices showed little change from May.

Factories in Wisconsin increased the production of American cheese 28 per cent during the five weeks ended July 4 over the preceding period, but were operating at a lower rate than last year or the 1924-30 average. Distribution of the commodity from primary markets of that state, as is usual for the June period, aggregated 9 million pounds less than current production. Sales totaled 17 per cent larger than from April 27 to May 29, though 10 per cent smaller than a year ago. Seasonal expansion in United States inventories of cheese was shown on July 1 over the beginning of June, but stocks continued decidedly less than in 1930 and slightly below the average. Prices advanced to some extent in June over the low level of May.

#### Industrial Employment Conditions

A general reduction in number of employees and in payroll totals was shown between May 15 and June 15 by reports of Seventh district manufacturing establishments. The decline in the total of ten groups, which was greater than seasonal, offset gains in three non-manufacturing groups, giving rise to losses in the total for all groups amounting to 3 per cent in number of men and 7 per cent in payrolls. The level of manufacturing employment and wage earnings in June, as computed from monthly

#### EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	WEEK OF JUNE 15, 1931			CHANGES FROM MAY 15	
	REPORT- ING FIRMS No.	WAGE EARNERS No.	EARNINGS (000 OMITTED) \$	WAGE EARN- ERS %	EARN- INGS %
Metals and Products¹.....	669	171,890	3,893	-4.7	-10.0
Vehicles.....	156	220,241	6,034	-5.3	-15.5
Textiles and Products.....	146	28,577	535	+0.4	+8.5
Food and Products.....	367	55,569	1,381	+1.0	+2.6
Stone, Clay, and Glass.....	133	9,409	230	-2.0	-4.8
Lumber and Products.....	302	29,984	547	-3.2	-6.7
Chemical Products.....	93	13,859	377	-2.4	-4.0
Leather Products.....	75	17,097	312	+0.1	-1.2
Rubber Products².....	9	6,694	198	-1.1	-2.2
Paper and Printing.....	324	43,891	1,249	-2.1	-2.8
Total Mfg., 10 Groups....	2,274	597,211	14,756	-3.7	-9.6
Merchandising³.....	172	30,249	784	-1.1	+0.7
Public Utilities.....	74	94,854	3,191	+0.4	+3.2
Coal Mining.....	20	4,837	101	+13.2	+9.5
Construction.....	187	10,503	284	+8.5	+13.8
Total Non-Mfg., 4 Groups..	453	140,443	4,360	+1.1	+3.5
Total, 14 Groups.....	2,727	737,654	19,116	-2.8	-6.9

¹Other than Vehicles. ²Michigan and Wisconsin. ³Illinois and Wisconsin.

#### LIVE STOCK SLAUGHTER (In thousands)

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, June 1931.....	193	699	362	116
Federally Inspected Slaughter, United States June 1931.....	667	3,251	1,516	417
May 1931.....	704	3,408	1,444	425
June 1930.....	654	3,689	1,295	356

#### AVERAGE PRICES OF LIVE STOCK (Per hundred pounds at Chicago)

	WEEK ENDED JULY 18 1931	JUNE 1931	MONTH OF MAY 1931	JUNE 1930
Native Beef Steers (average)...	\$7.65	\$7.45	\$7.15	\$10.50
Fat Cows and Heifers.....	6.15	6.05	6.00	8.00
Calves.....	8.00	8.45	8.10	10.45
Hogs (bulk of sales).....	6.40	6.40	6.55	9.60
Yearling Sheep.....	5.75	6.25	6.40	8.60
Lambs.....	7.50	7.75	8.30	11.75

changes, approximated the low point reached in January 1931.

Vehicles and metal products suffered the largest losses among the seven manufacturing groups that reduced both men and payrolls. Seasonal influences were operative in these two groups as well as in lumber, chemicals, and stone, clay and glass, but the curtailment in the paper and printing industry was contrary to the usual June trend. Leather products had smaller payrolls with no significant change in number of employees, while smaller-than-seasonal gains took place in food products and textiles. Fairly large expansion was registered in coal mining and in construction work, and a less marked increase occurred in the utilities group.

Some improvement was noted during June in the Seventh district farm labor surplus, according to the Department of Agriculture which reported a reduction in the ratio of supply to demand in each of the five states of the district. Farm wages, however, have suffered a decline of 3 per cent since the April 1 report, which contrasts with advances in the same period of previous years. The trend this year is due to the reduction in farm income, which has forced farmers to do as much of their own harvesting as possible.

A considerable increase in registrations for work at free employment offices caused a rise of 32 points or 15 per cent in the ratio of applicants to jobs available in four states of this district.

REGISTRATIONS PER 100 POSITIONS AVAILABLE AT FREE EMPLOYMENT OFFICES

MONTH	ILLINOIS	INDIANA	IOWA	WISCONSIN	FOUR STATES
1931 June.....	245	149	462	212	250
May.....	218	108	388	197	218
1930 June.....	224	170	295	155	206
May.....	196	105	285	135	175

## Manufacturing

### AUTOMOBILE PRODUCTION AND DISTRIBUTION

Production of automobiles in the United States continued to decline seasonally in June. The reduction of 23 per cent from May represented by passenger car output of 207,798, compared with a recession of 21 per cent during the same month of 1930, while production this June totaled 27 per cent below a year ago. Trucks produced numbered 41,304, which is 9 per cent under the preceding month and 15 per cent less than for last June. In the first six months of 1931, there were 1,310,435 passenger cars produced in the United States as against 1,-

MIDWEST DISTRIBUTION OF AUTOMOBILES

	JUNE 1931 PER CENT CHANGE FROM		FIRST HALF 1931 PER CENT CHANGE FROM FIRST HALF 1930	COMPANIES INCLUDED
	MAY 1931	JUNE 1930		
<b>New Cars</b>				
Wholesale—				
Number Sold.....	-18.2	+0.6	-23.3	20
Value.....	-10.4	-6.7	-31.0	20
Retail—				
Number Sold.....	-20.7	-21.2	-25.3	46
Value.....	-19.7	-19.0	-23.6	46
On Hand End of Month—				
Number.....	-2.8	-26.8	-33.8*	48
Value.....	-0.1	-22.2	-31.8*	48
<b>Used Cars</b>				
Number Sold.....	-6.7	-13.6	-7.8	48
Salable on Hand—				
Number.....	-8.9	-27.2	-28.4*	48
Value.....	-6.6	-32.2	-36.1*	48

\*Average end of month.

860,361 in the corresponding period of 1930, while truck output of 255,227 compared with 333,591 a year ago.

Further declines also were noted during June in mid-west distribution of automobiles, although recessions were somewhat smaller than in the same month a year ago, with sales at wholesale showing a slight gain in the aggregate over last June. Data for the half-year of 1931 indicate that distribution of new automobiles was off about one-fourth in the number of cars sold as compared with the first half of 1930, while used car sales declined by less than 10 per cent; stocks carried have been much smaller than a year ago. Deferred payment sales in June continued to represent a somewhat larger proportion of total retail sales than has been the case in previous months; a ratio of 51 per cent for twenty-nine firms compared with 46 per cent for May and with 48 per cent for June 1930.

### IRON AND STEEL PRODUCTS

The usual mid-summer dullness prevailed during June and the first half of July in the steel industry of the Chicago district, operations dropping to between 30 and 35 per cent of capacity, which compares with a rate last year of from 60 to 65 per cent at mid-July. Pig iron output showed a similar trend; the daily average in June for Illinois and Indiana was only 10½ thousand tons, the lowest point since September 1924. With the exception of a slight revision upward in sheets toward the end of June and some further declines in scrap iron and steel about the middle of that month, price levels have shown little change.

Foundry operations in the Seventh district likewise declined in June, production of both steel and malleable castings dropping 29 per cent; shipments also fell off considerably from May. The tonnage of orders booked showed little change for steel castings but was lower by almost 25 per cent for malleable castings. Activity was at an extremely low point as compared with other years. Shipments of stove and furnace manufacturers in the district showed a decline, largely seasonal in nature, of 24 per cent in June from May and of 25 per cent from a year ago; new orders, on the other hand, totaled only 4 per cent less than a month previous and 10 per cent larger than for last June; production increased 7 per cent and decreased 15 per cent in the monthly and year-to-year comparison, respectively.

### FURNITURE

The impetus afforded the furniture industry by the semi-annual showing of furniture which took place the first two weeks in June this year, effected a considerable increase over a month previous in the volume of orders

WHOLESALE AND RETAIL LUMBER TRADE

CLASS OF TRADE	JUNE 1931: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	MAY 1931	JUNE 1930	
<b>Wholesale Trade:</b>			
Sales in dollars.....	-4.9	-31.6	13
Sales in board feet.....	-0.8	-19.2	11
Accounts outstanding <sup>1</sup> .....	-6.9	-30.8	10
<b>Retail Trade:</b>			
Sales in dollars.....	-9.1	-28.1	206
Sales in board feet.....	-5.4	-26.6	89
Accounts outstanding <sup>1</sup> .....	+1.0	-15.4	197
Ratio of accounts outstanding <sup>1</sup> to dollar sales during month			
	JUNE 1931	MAY 1931	JUNE 1930
Wholesale trade.....	177.7	182.6	151.5
Retail trade.....	363.9	326.8	311.2

<sup>1</sup>End of month.

booked by reporting furniture manufacturers in the Seventh district. However, owing to the fact that this showing customarily takes place in July, the increase this year of 49 per cent over May orders should be compared with the seasonal increase effected in other years in July over June, which averages about 62 per cent. Shipments, following a very low volume of new orders in May, declined 28 per cent from that month, comparing with an average May-to-June decline of 7 per cent. In consequence, unfilled orders increased considerably, and stood at the close of June at 84 per cent of current orders booked. Comparisons with June a year ago are, with the exception of shipments which were 44 per cent less, very favorable because of the earlier showing this year, new orders and unfilled orders exceeding the 1930 totals by 15 and 22 per cent, respectively; however, the aggregate of orders booked during the current month was approximately 31 per cent under that of July 1930. The rate of operations maintained averaged about 50 per cent of capacity, comparing with a rate of 51 per cent obtaining during the month of May and with 52 per cent a year ago.

### Building Material, Construction Work

Changes in Seventh district building material lines during June were without significance, and the six months of 1931 closed with the volume of business sharply below the same period of 1930. Both wholesale and retail lumber dealers had lower sales than in May and the demand for clay products failed to accelerate, while cement shipments from midwestern mills rose seasonally and exceeded production in June.

Prices were irregular, lumber and other material moving lower at wholesale. In retail quotations for lumber and concrete aggregates at Seventh district cities, gains outnumbered the declines, while miscellaneous items, including steel products, trended lower. All lines are approaching the autumn with lighter stocks than usual, though ample at the restricted level of demand. Operations of reporting lumber dealers are shown in the table on page 5.

#### BUILDING CONSTRUCTION

June marked the third consecutive month in which building activity in the Seventh Federal Reserve district registered a decline. Total contracts awarded during the month amounted to only 37½ million dollars, as compared with the high point this year of 69 millions for March. Residential contracts, totaling only 20.3 per cent of all construction, followed a similar trend.

Building permits issued during June in 102 cities of the Seventh district, declined only 4 per cent in estimated cost of proposed work from the preceding month, although the number issued fell off 16 per cent. In the comparisons with June 1930, a drop of 56 per cent was recorded

in valuation and of 27 per cent in number. Des Moines was the only large city which did not follow the trend of the district in estimated cost of permits, registering a gain of 129 per cent over May.

#### BUILDING CONTRACTS AWARDED\* SEVENTH FEDERAL RESERVE DISTRICT

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
June 1931.....	\$37,498,384	\$ 7,597,544
Change from May 1931.....	-10%	-13%
Change from June 1930.....	-63%	-43%
First six months of 1931.....	\$255,112,940	\$55,213,884
Change from same period 1930.....	-38%	-40%

\*Data furnished by F. W. Dodge Corporation.

### Merchandising

Evidences of slight improvement were noted in the June data furnished by reporting wholesalers in the district. Grocery, drug, and hardware sales aggregated heavier than in the preceding month, the increase of one per cent in drugs and of 4 per cent in hardware being contrary to seasonal trend and all three gains contrasting with declines in the same period of 1930, while recessions in other groups were smaller than shown at that time. As a consequence, declines from a year ago were less than recorded in a similar comparison for May. Data covering the first half of 1931 show grocery sales to have been 11 per cent smaller than for the corresponding six months last year, hardware 25 per cent, dry goods 25½ per cent, drugs 11 per cent, shoes 18½ per cent, and electrical supplies 34 per cent less. Lower prices than a year ago are largely responsible for the smaller aggregate of dollar sales, but there are at present indications of strengthening in certain items. Ratios of accounts receivable to sales declined in June from both a month and a year previous for groceries, hardware, and shoes.

The decline of 4 per cent from May in June department store trade was a little less than average for the period and compared with a 13 per cent decrease for the same month last year. There was one more trading day in June this year, however, than either a month or a year previous, so that daily average sales fell off 7 per cent in the monthly comparison and were 11 per cent below June 1930 against a decline in total sales of only 8 per cent from last year. Increases by individual stores were not infrequent in either comparison. In the first six months of 1931, sales for reporting stores in the district aggregated 10½ per cent under the corresponding period of 1930. The dollar volume sold in June by Chicago stores increased one-half of one per cent over May against recessions shown in Milwaukee of 4 per cent and of 7 per cent each in Detroit, Indianapolis and the total for other cities. The table shows that in the year-ago comparison,

#### DEPARTMENT STORE TRADE IN JUNE 1931

LOCALITY	PER CENT CHANGE JUNE 1931 FROM JUNE 1930		PER CENT CHANGE FIRST SIX MONTHS 1931 FROM SAME PERIOD 1930	RATIO OF JUNE COL- LECTIONS TO ACCOUNTS OUTSTANDING MAY 29	
	NET SALES	STOCKS END OF MONTH		1931	1930
			NET SALES		
Chicago.....	-8.8	-14.9	-11.7	32.9	33.7
Detroit.....	-10.9	-19.8	-13.1	34.5	37.0
Indianapolis..	-3.4	-24.8	-3.8	42.1	39.5
Milwaukee....	-1.2	-6.8	-7.2		.....
Other Cities..	-5.4	-15.5	-8.0	32.8	33.9
7th District..	-7.7	-15.8	-10.5	35.0	36.4

#### WHOLESALE TRADE IN JUNE 1931

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCTS. OUTSTAND- ING TO NET SALES
	NET SALES	STOCKS	ACCTS. OUTSTAND- ING	COLLEC- TIONS	
Groceries.....	-9.3	-5.6	-7.6	-7.5	92.2
Hardware.....	-14.8	-16.4	-18.0	-20.2	233.7
Dry Goods.....	-24.3	-32.1	-31.3	-19.9	334.9
Drugs.....	-10.4	-13.7	-0.8	-14.1	187.6
Shoes.....	-11.4	-15.6	-15.6	-13.1	342.3
Electrical Supplies.....	-28.9	-11.1	-30.7	-34.2	161.4



Chicago and Detroit stores experienced the heaviest decline. Stocks were reduced in about the usual seasonal amount, remaining well below the 1930 average.

Among other lines of retail distribution, shoe sales of dealers and department stores showed a gain of 9 per cent in the aggregate for June over a month previous, while the decline from a year ago amounted to 10 per cent; sales of furniture and house furnishings fell off seasonally 25 per cent, and were 12 per cent below last June; and chain store trade decreased 2 per cent in the aggregate from May, but totaled 1½ per cent in excess

of June 1930. The gain shown over a year ago in chain store trade was effected largely through increases in drug and five-and-ten-cent store sales; average sales per store recorded approximately the same changes as did total sales, the number of units in operation being about the same as in May and a year ago.

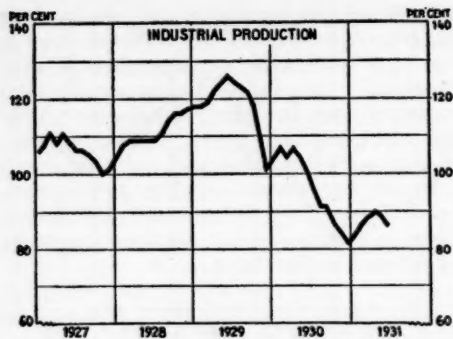
Semi-annual data compiled on sales of 191 retail hardware dealers in the five states including the Seventh district show a decline of 23 per cent in the first half of 1931 from the same period of 1930; decreases averaged about the same for each of the states.

# MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

(Index numbers express a comparison of unit or dollar volume for the month indicated, using the monthly average for 1923-1924-1925 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revision will be given the following month. Data refer to the Seventh Federal Reserve district unless otherwise noted.)

	No. of Firms	June 1931	May 1931	April 1931	Mar. 1931	Feb. 1931	Jan. 1931	June 1930	May 1930	April 1930	Mar. 1930	Feb. 1930	Jan. 1930
<b>Meat Packing—(U. S.)—</b>													
Sales (in dollars).....	63	75	77	78	79	78	84	103	106	109	103	109	113
<b>Casting Foundries—</b>													
Shipments:													
Steel—In Dollars.....	15	29	38	39	44	40	34	68	81	92	86	77	80
In Tons.....	15	27	38	37	43	41	34	71	85	98	92	78	84
Malleable—In Dollars.....	23	27	33	34	35	31	30	50	63	70	72	73	69
In Tons.....	23	43	54	54	54	46	45	71	90	101	102	103	98
<b>Stoves and Furnaces—</b>													
Shipments (in dollars).....	11	66	84	94	77	69	50	89	101	111	96	86	78
<b>Furniture—</b>													
Orders (in dollars).....	25	55	39	51	58	55	68	46	64	61	68	68	103
Shipments (in dollars).....	25	33	48	57	62	57	38	56	64	69	82	81	62
<b>Flour—</b>													
Production (in bbls.).....	26	89	88	93	93	94	101	97	103	107	97	97	108
<b>Output of Butter by Creameries—</b>													
Production.....	67	179	165	122	102	89	93	155	157	104	88	81	84
Sales.....	69	162	135	111	95	94	96	135	129	101	92	81	94
<b>Wholesale Trade—</b>													
Net Sales (in dollars):													
Groceries.....	31	85	82	86	85	75	84	95	99	97	94	84	94
Hardware.....	14	65	62	71	55	41	42	74	89	84	82	61	58
Dry Goods.....	9	46	51	55	51	41	42	61	73	70	67	58	55
Drugs.....	14	80	79	87	86	82	88	92	99	101	100	91	97
Shoes.....	8	53	55	60	58	39	34	61	70	87	73	51	35
<b>Retail Trade (Dept. Stores)—</b>													
Net Sales (in dollars):													
Chicago.....	26	84	83	93	82	73	79	93	102	111	90	82	87
Detroit.....	5	101	109	126	109	95	87	115	139	153	119	104	101
Indianapolis.....	5	87	93	94	88	68	80	87	101	103	90	77	83
Milwaukee.....	5	95	99	112	93	75	85	95	116	117	95	84	94
Other Cities.....	50	82	89	97	79	68	72	87	100	104	90	74	73
Seventh District.....	91	88	91	102	88	76	80	96	110	117	96	85	88
<b>Automobile Production (U. S.)—</b>													
Passenger Cars.....	71	92	98	79	62	47	47	98	123	127	113	96	80
Trucks.....	110	121	133	120	105	89	89	129	156	189	174	134	105
<b>Building Construction—</b>													
Contracts Awarded (in dollars):													
Residential.....	26	30	36	52	23	22	22	45	67	77	56	33	34
Total.....	55	61	67	101	42	46	46	147	116	119	108	56	58
<b>Iron and Steel—</b>													
Pig Iron Production:*													
Illinois and Indiana.....	61	76	86	84	78	72	72	119	134	131	129	127	109
United States.....	56	66	69	67	62	56	56	100	106	108	107	103	93
Steel Ingot Production—(U. S.)*.....	60	72	79	86	78	68	68	103	111	119	123	126	105
Unfilled Orders U. S. Steel Corp....	73	76	82	84	83	87	87	83	85	91	96	94	94

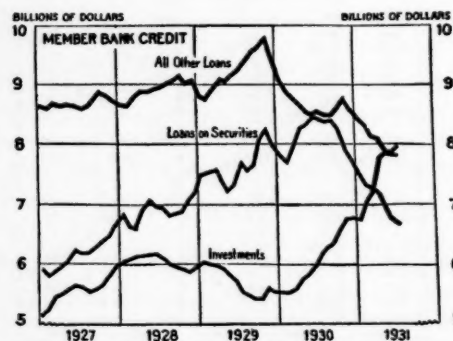
\*Average daily production.



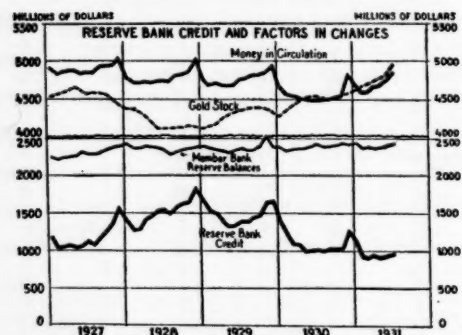
Index number of industrial production, adjusted for seasonal variation (1923-1925 average = 100).



Indexes of factory employment and payrolls, without adjustment for seasonal variation (1923-1925 average = 100).



Monthly averages of weekly figures for reporting member banks in leading cities. Latest figures, averages of first three Wednesdays in July 1931.



Monthly averages of daily figures. Latest figures, averages of first 19 days in July 1931.

## NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

**I**NDUSTRIAL production showed more than the usual seasonal decline in June, and factory employment and payrolls decreased. Wholesale prices, which had continued to decline until the end of May, advanced in June, but for most commodities declined again in the first half of July.

### PRODUCTION

A decrease in industrial output from May to June was reflected in a decline in the Board's index of industrial production, which is adjusted for seasonal variations, to 86 per cent of the 1923-1925 output, as compared with 89 per cent in May. Taking the second quarter of the year as a whole, production has averaged about 4 per cent above its low level in the last three months of 1930. The reduction of activity in June was most marked in the iron and steel industry, with steel plants operating at 38 per cent of capacity. Automobile output declined further, and there was some recession in production of lumber, meat products and flour. Petroleum output, however, was not reduced. Activity of textile mills and shoe factories continued in relatively large volume; in the woolen industry, activity was sustained at the unusually high level of May, and the decline in the consumption of cotton was not in excess of the usual seasonal amount. During the first half of July, there were further reductions, partly seasonal in nature, in output of steel, automobiles, and lumber.

Factory employment was further reduced by nearly 3 per cent, and payrolls declined by 6 per cent between the middle of May and the middle of June. The largest decreases were in the steel, machinery, and women's clothing industries, while reductions at automobile plants and cotton mills were partly seasonal in character, and employment at woolen and hosiery mills increased.

Building contracts awarded in June were somewhat larger than in May, but declined again in the first half of July. Since the early spring, awards have not increased as much as is usual for the season. In residential building there has been relatively little change for about a year and a half, except for seasonal fluctuations, and the decline in construction has been chiefly in other types of building, principally public works and utilities.

### DISTRIBUTION

At department stores, daily average sales were seasonally smaller in June than in May. Freight carloadings were also reduced, reflecting principally a further reduction in loadings of miscellaneous commodities.

### PRICES

During June, wholesale prices of many commodities advanced considerably, after having reached low levels late in May and early in June. Prices of live stock and meats increased; and after June 21 there were rapid advances in prices of raw materials important in world markets, especially cotton, hides, sugar, silk, copper, silver, and rubber. Subsequently, however, most of these prices receded somewhat, although in mid-July they were, in general, above their lowest levels. The price of wheat declined during June and the first half of July, as the domestic price became adjusted to world levels.

### BANK CREDIT

At reporting member banks in leading cities, loans on securities continued to decline between the middle of June and the middle of July, while all other loans increased by \$140,000,000. This increase was concentrated at New York City banks, and was largely in the form of acceptances purchased in the open market. Member banks' investments continued at about the same level as in May and early June.

Notwithstanding a further addition of \$77,000,000 to the country's stock of monetary gold between the weeks ending June 20 and July 18, there was no decrease in Federal Reserve Bank credit outstanding. During the period, the Reserve banks' portfolio of United States securities was increased by \$75,000,000, while their combined holdings of acceptances and of discounts for member banks decreased by approximately the same amount. The gold inflow provided member banks with funds to meet an added demand for currency, as well as to increase their balances with the Reserve banks. There was also a considerable growth in foreign bank deposits with the Reserve banks.

Money rates continued at low levels.



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